



General Assembly

January Session, 2005

***Raised Bill No. 1140***

LCO No. 3617

\* \_\_\_\_\_SB01140LABGAE031605\_\_\_\_\_\*

Referred to Committee on Labor and Public Employees

Introduced by:  
(LAB)

***AN ACT SETTING PROCEDURES, PERFORMANCE STANDARDS  
AND WORKPLACE QUALITY STANDARDS FOR PRIVATIZATION OF  
STATE PROGRAMS AND SERVICES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. (NEW) (*Effective October 1, 2005*) As used in sections 1 to  
2       13, inclusive, of this act:

3       (1) "Agency" means an executive office, department, division, board,  
4       commission or other office or officer in the executive branch of state  
5       government.

6       (2) "Privatization contract" means an agreement or combination or  
7       series of agreements between an agency and a nongovernmental  
8       person or entity, in which such person or entity agrees to provide  
9       services valued at seven hundred fifty thousand dollars or more that  
10      are substantially similar to and in lieu of services provided, in whole or  
11      in part, by regular employees of an agency. The term "privatization  
12      contract" does not include an agreement to provide legal services or  
13      management consulting only.

14      Sec. 2. (NEW) (*Effective October 1, 2005*) (a) On and after October 1,

15 2005, prior to executing a privatization contract, an agency shall  
16 consult with the Department of Administrative Services and comply  
17 with the provisions of subsection (b) of this section.

18 (b) The agency shall prepare an analysis of the costs and benefits to  
19 the agency of (1) privatizing services, and (2) continuing to provide  
20 such services through regular employees of the agency. Such analysis  
21 shall include, but not be limited to, an examination of the cost and  
22 quality of service under each such option. The executive head of the  
23 agency shall transmit such analysis to the Auditors of Public Accounts.

24 (c) If the agency determines in such analysis that it is cost-effective  
25 to privatize such services, the agency shall prepare a specific written  
26 statement of the services, including the specific quantity and standard  
27 of quality of the services. The agency shall solicit competitive sealed  
28 bids for the privatization contracts based upon such statement. The  
29 day designated by the agency upon which it shall accept sealed bids  
30 shall be the same for all bidders. Such statement shall be a public  
31 record, filed in the agency and with the Department of Administrative  
32 Services and transmitted to the State Comptroller. The term of any  
33 privatization contract shall not exceed five years. No amendment to a  
34 privatization contract shall be valid if it has the purpose or effect of  
35 avoiding any requirement of this section.

36 Sec. 3. (NEW) (*Effective October 1, 2005*) (a) If an agency plans to  
37 solicit bids for a privatization contract, the agency shall prepare a  
38 comprehensive written estimate of the costs of regular employees of  
39 the agency providing the subject services in the most cost-efficient  
40 manner and the quality of such services provided by such agency  
41 employees. The estimate shall include all direct costs of regular agency  
42 employees providing the subject services, including, but not limited to,  
43 pensions, insurance and other employee benefit costs. Any costs  
44 allocable to unemployment compensation and retirement benefits shall  
45 be reported separately from the value of any contract costs. The value  
46 of any state-owned property or assets shall be reported separately.

47 (b) At least sixty days prior to soliciting bids for a privatization  
48 contract, an agency shall notify each collective bargaining organization  
49 representing employees of the agency of such planned solicitation.  
50 After consulting the potentially affected bargaining units, if any, the  
51 agency shall provide adequate resources for the purpose of  
52 encouraging and assisting present agency employees to organize and  
53 submit a bid to provide the subject services. In determining what  
54 resources are adequate for this purpose, the agency shall refer to an  
55 existing collective bargaining agreement of a similar employee  
56 organization whose members perform the subject services, if available,  
57 which agreement provides similar resources in the same or other  
58 agencies. If no such collective bargaining agreement exists, the agency  
59 shall refer to any existing collective bargaining agreements providing  
60 such resources, and shall provide such resources at the minimum level  
61 of assistance provided in such agreements. The agency shall consider  
62 any such employee bid on the same basis as all other bids. An  
63 employee bid may be made as a joint venture with other persons.

64 Sec. 4. (NEW) (*Effective October 1, 2005*) (a) Each bid for a  
65 privatization contract and each privatization contract shall include  
66 provisions specifically establishing the wage rate for each employee  
67 covered by the contract. Each contractor shall submit quarterly payroll  
68 records to the agency, listing the name, address, Social Security  
69 number, hours worked and hourly wage paid for each employee in the  
70 previous quarter. The Attorney General may bring a civil action for  
71 equitable relief in Superior Court to enforce the provisions of this  
72 section and to prevent or remedy the dismissal, demotion or other  
73 action prejudicing any employee as a result of a violation of this  
74 section.

75 (b) Each bid for a privatization contract and each privatization  
76 contract shall contain provisions requiring the contractor to offer  
77 available employee positions pursuant to the contract to qualified  
78 regular employees of the agency whose state employment is  
79 terminated because of the privatization contract and who satisfy the

80 hiring criteria of the contractor. Each such contract shall also contain  
81 provisions prohibiting the contractor from engaging in discriminatory  
82 employment practices, as defined in section 46a-51 of the general  
83 statutes, and requiring the contractor to take affirmative steps to  
84 provide such equal opportunity for all such persons.

85       Sec. 5. (NEW) (*Effective October 1, 2005*) (a) No contractor,  
86 subcontractor or employee or agent of a contractor or subcontractor  
87 shall have any ownership rights or interest in any public record that  
88 the contractor, subcontractor, employee or agent possesses, modifies or  
89 creates pursuant to a privatization contract, subcontract or amendment  
90 to a privatization contract or subcontract.

91       (b) No contractor, subcontractor or employee or agent of a  
92 contractor or subcontractor, shall impair the integrity of any public  
93 record that the contractor, subcontractor, employee or agent possesses,  
94 modifies or creates.

95       (c) Any public record that a contractor, subcontractor or employee  
96 or agent of a contractor or subcontractor possesses, modifies or creates  
97 pursuant to a privatization contract or subcontract shall, at all times  
98 and for all purposes, remain the property of the state.

99       Sec. 6. (NEW) (*Effective October 1, 2005*) (a) Any public record (1)  
100 provided to a contractor or subcontractor by an agency, or (2) created  
101 by a contractor or subcontractor pursuant to a privatization contract  
102 shall be and remain a public record for purposes of the Freedom of  
103 Information Act and the enforcement provisions of said act apply to  
104 any improper failure to disclose such records.

105       (b) Both the agency and the contractor or subcontractor that execute  
106 a privatization contract shall have a joint and several liability with  
107 respect to any obligations imposed on the agency by the Freedom of  
108 Information Act with respect to any public record related to the  
109 privatization contract, provided the final determination as to whether  
110 or not to disclose a particular record or type of record shall be made

111 solely by the agency.

112 (c) No contractor, subcontractor or employee or agent of a  
 113 contractor or subcontractor shall disclose to the public any public  
 114 record that (1) the contractor, subcontractor or employee or agent  
 115 possesses, modifies or creates pursuant to a privatization contract,  
 116 subcontract, or amendment to a privatization contract or subcontract,  
 117 and (2) the state agency (A) is prohibited from disclosing pursuant to  
 118 state or federal law, (B) may only disclose to certain entities or  
 119 individuals or under certain conditions pursuant to state or federal  
 120 law, or (C) may withhold from disclosure pursuant to state or federal  
 121 law. No provision of this subsection shall be construed to prohibit any  
 122 such contractor from disclosing such public record to any of its  
 123 subcontractors to carry out the purposes of the privatization contract.

124 (d) No contractor, subcontractor or employee or agent of a  
 125 contractor or subcontractor shall sell, market or otherwise profit from  
 126 the disclosure or use of any public record in its possession pursuant to  
 127 a privatization contract, subcontract, or amendment to a privatization  
 128 contract or subcontract, except as authorized in the privatization  
 129 contract, subcontract or amendment.

130 (e) Any contractor, subcontractor or employee or agent of a  
 131 contractor or subcontractor that learns of any violation of the  
 132 provisions of section 5 of this act or this section shall, not later than  
 133 seven calendar days after learning of such violation, notify the agency  
 134 head and the Attorney General of such violation.

135 Sec. 7. (NEW) (*Effective October 1, 2005*) (a) In addition to any of the  
 136 remedies provided under the Freedom of Information Act, if any  
 137 person violates any provision of section 5 or 6 of this act, the Attorney  
 138 General may bring an action against such person in Superior Court  
 139 seeking (1) damages on behalf of the state for such violation, (2)  
 140 restitution for damages suffered by any person as a result of the  
 141 violation, or (3) imposition and recovery of a civil penalty of not more  
 142 than fifty thousand dollars for the violation.

143 (b) In addition to any of the remedies provided under the Freedom  
144 of Information Act, any person aggrieved by a violation of any  
145 provision of section 5 or 6 of this act may bring an action in Superior  
146 Court to recover any damages suffered as a result of such violation.

147 (c) In any action brought under subsection (a) or (b) of this section,  
148 the court may (1) order disgorgement of any profits or other benefits  
149 derived as a result of a violation of any provision of section 5 or 6 of  
150 this act, (2) award punitive damages, costs or reasonable attorney's  
151 fees, or (3) order injunctive or other equitable relief. Proof of public  
152 interest or public injury shall not be required in any action brought  
153 under subsection (a) or (b) of this section. No action may be brought  
154 under subsection (a) or (b) of this section more than three years after  
155 the occurrence of such violation.

156 (d) Any person who knowingly and wilfully violates any provision  
157 of section 5 or 6 of this act shall, for each such violation, be fined not  
158 more than five thousand dollars or imprisoned not less than one year  
159 nor more than five years, or be both fined and imprisoned.

160 Sec. 8. (NEW) (*Effective October 1, 2005*) (a) The executive head of an  
161 agency soliciting bids for a privatization contract and the  
162 Commissioner of Administrative Services shall each certify, in writing,  
163 to the Auditors of Public Accounts that:

164 (1) They have complied with all provisions of sections 1 to 4,  
165 inclusive, of this act, and all other applicable laws;

166 (2) A cost-benefit analysis of the proposed privatization has been  
167 conducted pursuant to subsection (b) of section 2 of this act and the  
168 agency has determined in such analysis that it is cost-effective to  
169 privatize services;

170 (3) The quality of the services to be provided by the designated  
171 bidder is likely to satisfy the quality requirements of the statement  
172 prepared pursuant to subsection (c) of section 2 of this act and to equal

173 or exceed the quality of services that are provided by regular agency  
174 employees pursuant to subsection (a) of section 3 of this act;

175 (4) The designated bidder and its supervisory employees, while in  
176 the employ of the designated bidder, have no adjudicated record of  
177 substantial or repeated wilful noncompliance with any relevant federal  
178 or state regulatory law including, but not limited to, laws concerning  
179 labor relations, occupational safety and health, nondiscrimination and  
180 affirmative action, environmental protection and conflicts of interest;

181 (5) The proposed privatization contract is otherwise in the public  
182 interest;

183 (6) The projected cost savings of the proposed privatization contract  
184 will exceed ten per cent of the cost of delivering the services with state  
185 employees; and

186 (7) Each bid details:

187 (A) The length of continuous employment of current employees of  
188 the contractor by job classification, without personally identifying  
189 employees by name. In addition, the contractor may submit  
190 information detailing the relevant prior experience of current  
191 employees within each job classification. If the positions identified by  
192 the bidder are newly created positions, the bid shall identify the  
193 minimum requirements for prospective applicants for each such  
194 position.

195 (B) The annual rate of employee turnover.

196 (C) The number of hours of training planned for each employee in  
197 areas directly related to the provision of services to state residents and  
198 clients.

199 (D) Any legal complaints issued by an enforcement agency for  
200 alleged violations of applicable federal, state or local rules, regulations  
201 or laws, including laws governing employee safety and health, labor

202 relations and other employment requirements, and any citations, court  
203 findings or administrative findings for violations of such federal, state  
204 or local rules, regulations or laws. Such information shall specify the  
205 date of the complaint, citation, court finding or administrative finding,  
206 the enforcement agency, rule, law or regulation involved and any  
207 additional information the contractor elects to submit.

208 (E) Any collective bargaining agreements or personnel policies  
209 covering the employees that will provide services to the state.

210 (F) Any political contributions made by the bidder or any employee  
211 who holds a management position with the bidding company, to any  
212 elected officer of the state or member of the General Assembly during  
213 the four years prior to the due date of the bid.

214 (b) A copy of the proposed privatization contract shall accompany  
215 the certificate transmitted to the Auditors of Public Accounts.

216 Sec. 9. (NEW) (*Effective October 1, 2005*) (a) The Auditors of Public  
217 Accounts shall review the certificate and proposed privatization  
218 contract and notify the agency of the auditors' approval or objection  
219 not less than thirty days after receiving the certification required by  
220 section 8 of this act. No privatization contract shall be valid if the  
221 auditors notify the agency of the auditors' objection. Such objection  
222 shall be in writing and shall state specifically the requirements under  
223 sections 2 to 4, inclusive, of this act that the agency has failed to  
224 comply with, including any facts that the auditors find incorrect, based  
225 on an independent review of all relevant facts.

226 (b) For the purpose of reviewing the agency's compliance and  
227 certification pursuant to section 8 of this act, the Auditors of Public  
228 Accounts, or a designee, may issue a summons to any person to appear  
229 and testify under oath and to produce books, papers and other records  
230 relating to such review. All provisions of the general statutes relative  
231 to summonses in civil cases, including the manner of service, the scope  
232 and relevance to such review and the compensation of witnesses who



233 are not state employees shall apply to such summonses.

234 (c) The objection of the Auditors of Public Accounts pursuant to  
235 subsection (a) of this section shall be final and binding on the agency,  
236 unless the auditors thereafter, in writing, withdraw the objection,  
237 stating the specific reasons, based upon a revised certificate by the  
238 agency and the Commissioner of Administrative Services.

239 Sec. 10. (NEW) (*Effective October 1, 2005*) (a) The Commissioner of  
240 Administrative Services shall adopt regulations, in accordance with the  
241 provisions of chapter 54 of the general statutes, governing contracts  
242 between governmental units and social services program providers  
243 that shall include, but not be limited to, a provision:

244 (1) Requiring that all transactions between said providers and  
245 related parties shall be disclosed, in writing, in advance to the  
246 Department of Administrative Services and to the agency affected by  
247 the privatization contract, either of which may prohibit the transaction  
248 by written notice to the provider;

249 (2) Requiring that any reductions by said providers in a rate of  
250 reimbursement, or other payment method or total expenditure, shall  
251 be applied, first against expenditures on managerial personnel,  
252 including, but not limited to, management fees, salaries, benefits and  
253 other compensation paid to managers and shall be applied in the last  
254 instance against expenditures on direct service workers;

255 (3) Requiring that any contract for funds expended by the state, that  
256 does not require the state to be reimbursed or compensated by the  
257 provider who amortizes the mortgages for the ownership of property,  
258 whether owned directly or indirectly by said provider, shall contain  
259 provisions for the recoupment of said reimbursement or compensation  
260 by the state in the event said property is sold and may, if necessary,  
261 allow for the execution of liens to ensure such recoupment;

262 (4) Requiring a complete inventory of equipment purchased by said

263 providers on behalf of the state and the return of such equipment to  
264 the proper governmental unit upon the completion or termination of  
265 the contract;

266 (5) Requiring that the uniform financial report include a subsidiary  
267 schedule for each component cost and a related party disclosure  
268 statement from each officer, director and trustee of said providers;

269 (6) Prohibiting any subcontract or consultant contract for services  
270 from a parent organization or parent agency at the national, state or  
271 local level;

272 (7) Prohibiting the refusal to service any case or type of case, or  
273 place any restrictions or limitation on services, the provisions of which  
274 were mutually agreed upon in the conditions specified in the contract,  
275 subsequent to the finalization of such contract either primary or  
276 secondary; and

277 (8) Prohibiting the use of state funding for investment counseling,  
278 fund-raising, management consultants and other services that are not  
279 directly related to the servicing of clients, patients and other persons  
280 served by the provider agency.

281 (b) If, after a hearing, the Department of Administrative Services  
282 finds any violation of any regulations adopted pursuant to subsection  
283 (a) of this section, the Department of Administrative Services may  
284 order that the contract be terminated, or the Attorney General may  
285 assess a civil penalty of not more than two thousand dollars or ten per  
286 cent of the amount payable under the contract, whichever is greater,  
287 that the agency shall withhold from payments otherwise due under  
288 the contract. Notwithstanding any provision of the general statutes,  
289 any provider aggrieved under this section may exercise any legal  
290 remedy or cause of action available to such provider under the  
291 provisions of the general statutes. If, after a hearing, the Commissioner  
292 of Administrative Services determines that a provider has committed  
293 any wilful violation of subsection (a) of this section, said commissioner

294 may disqualify the provider from bidding on further state contracts.

295       Sec. 11. (NEW) (*Effective October 1, 2005*) (a) No later than five days  
296 after Auditors of Public Accounts, pursuant to section 9 of this act,  
297 notify an agency of their approval of a proposed privatization contract  
298 between such agency and a nongovernmental person or entity, that  
299 has a value of five million dollars or more, the agency shall file such  
300 contract with the clerks of the House of Representatives and the  
301 Senate.

302       (b) No later than five days after the clerks receive such contract, the  
303 speaker of the House of Representatives and the president pro tempore  
304 of the Senate shall submit the contract to the joint standing committees  
305 of the General Assembly having cognizance of matters relating to  
306 government administration and appropriations and the budgets of  
307 state agencies.

308       (c) No later than twenty-five days after the speaker of the House of  
309 Representatives and the president pro tempore of the Senate receive  
310 such contract, said committees shall hold a public hearing on the  
311 contract and shall report their recommendations to the members of the  
312 House of Representatives and the Senate concerning the approval or  
313 rejection of the contract.

314       (d) The General Assembly may approve the contract, in whole, by a  
315 majority vote of each house or may reject the contract, in whole, by a  
316 majority vote of either house. If rejected, the contract shall not be valid  
317 and shall not be implemented. The contract shall be deemed rejected if  
318 the General Assembly fails to vote to approve or reject the contract (1)  
319 prior to the adjournment of the regular session of the General  
320 Assembly during which the contract is filed, provided the contract is  
321 not filed less than thirty days before the end of such regular session, (2)  
322 prior to the adjournment of the next regular session of the General  
323 Assembly following the date on which the contract is filed if the  
324 General Assembly is not in regular session on such date, or (3) prior to  
325 the adjournment of a special session convened before the next regular

326 session of the General Assembly for the purpose of considering the  
327 contract if the General Assembly is not in regular session on the date  
328 on which the contract is filed. If the contract is filed less than thirty  
329 days before the end of a regular session, the General Assembly may  
330 vote to approve or reject the contract (A) no later than thirty days after  
331 the first day of a special session convened before the next regular  
332 session of the General Assembly for the purpose of considering the  
333 contract, or (B) no later than thirty days after the first day of the next  
334 regular session of the General Assembly.

335       Sec. 12. (NEW) (*Effective October 1, 2005*) State funds shall not be  
336 used to support or oppose union activity by the employees of any  
337 contractor that executes a privatization contract, including, but not  
338 limited to, preparation and distribution of materials that advocate for  
339 or against unionization, hiring or consulting legal counsel or other  
340 consultants to advise the contractor how to assist, promote or deter  
341 union organizing or how to impede a union that represents the  
342 contractor's employees from fulfilling its representational  
343 responsibilities.

344       Sec. 13. (NEW) (*Effective October 1, 2005*) (a) No person shall retaliate  
345 or discriminate in any manner against any public employee or any  
346 employee of a private contractor because the employee, or any person  
347 acting on behalf of the employee, acting in good faith (1) engaged in  
348 any disclosure of information related to the services provided by the  
349 contractor pursuant to a privatization contract, (2) advocated on behalf  
350 of service recipients with respect to the care or services provided by  
351 the contractor, or (3) initiated, cooperated or otherwise participated in  
352 any investigation or proceeding of any governmental entity related to  
353 the services provided pursuant to a privatization contract.

354       (b) No person shall retaliate or discriminate in any manner against  
355 any public employee or any employee of a private contractor because  
356 the employee attempted or intends to engage in any action described  
357 in subsection (a) of this section.

358 (c) No person shall, by contract, policy or procedure, prohibit or  
359 restrict any employee of a private contractor from engaging in any  
360 action for which a protection against discrimination or retaliation is  
361 provided under subsection (a) or (b) of this section.

362 (d) Nothing in subsection (a) or (b) of this section shall be construed  
363 to protect disclosures that would otherwise violate federal or state law  
364 or diminish or impair the rights of any person to the continued  
365 protection of confidentiality of communications provided by state or  
366 federal law.

367 (e) For purposes of this section, an employee is "acting in good faith"  
368 if (1) the employee reasonably believes the information disclosed by  
369 the employee is true, and (2) the information disclosed by the  
370 employee (A) evidences a violation of any law, rule or regulation, or a  
371 generally recognized professional or clinical standard, or (B) relates to  
372 care, services or conditions that potentially endanger one or more  
373 recipients of services or employees working pursuant to a  
374 privatization contract.

375 (f) All privatization contracts shall include a contract provision  
376 specifying that in order to determine compliance with the provisions  
377 of this section as well as the privatization contract, the private  
378 contractor is required to provide the state or its agents, except where  
379 prohibited by federal or state laws, regulations or rules, reasonable  
380 access, through representatives of the private contractor, to facilities,  
381 records and employees that are used in conjunction with the provision  
382 of services specified in the privatization contract.

383 Sec. 14. Subdivision (2) of section 32-700 of the general statutes is  
384 repealed and the following is substituted in lieu thereof (*Effective*  
385 *October 1, 2005*):

386 (2) "State assistance" means any grant, loan, loan guarantee or  
387 issuance of tax benefit not of general applicability for the purpose of  
388 economic development that is (A) made to a business entity operated

389 for profit, and (B) in an amount greater than one million dollars or  
390 that, if added to any other such state assistance made to the same  
391 business entity during the preceding two years, would total greater  
392 than [one million] five hundred thousand dollars.

393 Sec. 15. Section 32-701 of the general statutes is repealed and the  
394 following is substituted in lieu thereof (*Effective October 1, 2005*):

395 (a) The terms and conditions of any agreement for state assistance  
396 under any program of the general statutes to a business entity  
397 operated for profit administered by the Department of Economic and  
398 Community Development, Connecticut Development Authority and  
399 Connecticut Innovations, Incorporated, shall include provisions for (1)  
400 specific goals for the creation and retention of full-time and part-time  
401 jobs and for periodic reports by the recipient on progress in achieving  
402 such goals if the primary purpose of the state assistance is job creation  
403 or retention, and (2) a requirement that an applicant for any type of  
404 state assistance, except grants and loans of a term of less than one year,  
405 provide the agency with appropriate security for such financial  
406 assistance, including, but not limited to, a letter of credit, a lien on real  
407 property or a security interest in goods, equipment, inventory or other  
408 property of any kind and that the recipient of such state assistance will  
409 remain in substantial material compliance with state and federal law.

410 (b) If a recipient fails to create or retain the number of jobs in this  
411 state stipulated in an agreement for state assistance, [and such failure  
412 is due to circumstances within the control of such recipient,] the  
413 recipient shall repay an amount that is in proportion to the number of  
414 jobs that it failed to create or retain. [unless the awarding authority  
415 deems it is in the best interests of the state or the community in which  
416 the recipient is located to revise such job creation goals. In such event,  
417 the parties shall enter into a revised agreement subject to the approvals  
418 required by subsection (c) of this section. Upon request of the  
419 awarding authority, a recipient shall provide information necessary to  
420 determine compliance with this section, including information

421 showing the compensation paid to employees on jobs created as a  
422 result of the state assistance.]

423 (c) [The] No awarding authority [, in its discretion, may] shall  
424 modify the terms and conditions of any state assistance, including, but  
425 not limited to, forgiveness of repayment of a loan, revision of job  
426 creation and retention goals or changes to interest rates [, provided  
427 such awarding authority notifies] unless such modification has been  
428 approved by the State Bond Commission. [or the appropriate board of  
429 directors, if any, of the modification.]

430 Sec. 16. Section 32-702 of the general statutes is repealed and the  
431 following is substituted in lieu thereof (*Effective October 1, 2005*):

432 If an awarding authority finds that a recipient of state assistance is  
433 not in substantial material compliance with any other provision of the  
434 agreement, [and such noncompliance is within the recipient's control,]  
435 the awarding authority shall provide written notice, by registered  
436 mail, to the recipient and shall order the recipient to come into  
437 compliance with such agreement not less than one hundred eighty  
438 days following receipt of such notice. Failure to comply with reporting  
439 requirements set forth in such agreement shall constitute a default. If  
440 the recipient fails to come into compliance with such agreement within  
441 the one-hundred-eighty-day period, the awarding authority may (1)  
442 rescind the agreement and require that the state be made whole by the  
443 repayment by the recipient of (A) the amount of any grant made, (B)  
444 the amount of any loan outstanding, including any interest necessary  
445 to make the state whole, or (C) the amount of any tax benefit received,  
446 or (2) impose a penalty on such recipient, for the period of failure to  
447 comply, at the rate of one per cent per month or any part thereof of the  
448 amount of the grant, tax benefit or loan outstanding. The awarding  
449 authority may foreclose on any collateral or bond related to such grant,  
450 tax benefit or loan for the purpose of payment of such penalty and any  
451 costs incurred by the awarding authority in connection with collection  
452 of such penalty.

453 Sec. 17. Section 32-703 of the general statutes is repealed and the  
454 following is substituted in lieu thereof (*Effective October 1, 2005*):

455 If the terms and conditions of an agreement for state assistance,  
456 except an agreement for grants only, provide for security, the  
457 awarding authority providing such state assistance shall have a lien on  
458 such security in an amount equal to the amount that is due on such  
459 state assistance. [or other appropriate security for such financial  
460 assistance.] Any such lien shall have priority over all other subsequent  
461 liens except state tax liens. [, except if the awarding authority  
462 determines it is not in the best interests of the state to have such  
463 priority. The awarding authority shall notify the State Bond  
464 Commission or the appropriate board of directors, if any, of such  
465 determination.]

466 Sec. 18. (*Effective from passage*) The Labor Commissioner shall, within  
467 available appropriations, conduct a study of the effectiveness of the  
468 Labor Department's Rapid Response System and Dislocated Worker  
469 Program. Not later than January 1, 2006, the commissioner shall report,  
470 in accordance with the provisions of section 11-4a of the general  
471 statutes, the findings and recommendations of the study, including  
472 recommendations for policies and procedures to implement any  
473 proposed changes to the Rapid Response System or Dislocated Worker  
474 Program, to the joint standing committee of the General Assembly  
475 having cognizance of matters relating to labor.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2005</i>	New section
Sec. 2	<i>October 1, 2005</i>	New section
Sec. 3	<i>October 1, 2005</i>	New section
Sec. 4	<i>October 1, 2005</i>	New section
Sec. 5	<i>October 1, 2005</i>	New section
Sec. 6	<i>October 1, 2005</i>	New section
Sec. 7	<i>October 1, 2005</i>	New section
Sec. 8	<i>October 1, 2005</i>	New section



Sec. 9	<i>October 1, 2005</i>	New section
Sec. 10	<i>October 1, 2005</i>	New section
Sec. 11	<i>October 1, 2005</i>	New section
Sec. 12	<i>October 1, 2005</i>	New section
Sec. 13	<i>October 1, 2005</i>	New section
Sec. 14	<i>October 1, 2005</i>	32-700(2)
Sec. 15	<i>October 1, 2005</i>	32-701
Sec. 16	<i>October 1, 2005</i>	32-702
Sec. 17	<i>October 1, 2005</i>	32-703
Sec. 18	<i>from passage</i>	New section

***LAB******Joint Favorable C/R******GAE***